

STANDARD FORM NO. 64

~~CONFIDENTIAL~~

Eng 8-402

Office Memorandum • UNITED STATES GOVERNMENT

TO : The Files

DATE: 7 April 1958

FROM :

DOC	8	DATE	010580	010956
ORIG COMP	033	DATE	56	02
ORIG CLASS	5	DATE	2	2
JUST	22	NEXT REV	2010	

SUBJECT: Conference with

1. A meeting was held on 2 April 1958 at [redacted] to discuss a request for additional funds in the amount of \$3,803.74. This request was submitted for work performed under W.O. 1, fabrication of five (5) XTAL Video Demand Systems (original price estimate \$10,723.14) of the subject task. Personnel attending were:

OL/PD-CAB
OC-E/R&D-EP

2. Prior to beginning the formal discussion of the technical problems involved, [redacted] made three interesting background remarks that should be kept in mind, not only in connection with the work under this W.O. 1, but on any additional work ~~under~~ under this task. They are:

- a. The company's estimates are at best "ball park figures". The final price will vary over a considerable margin.
- b. Since the company had service type contracts with several other organizations in which engineering changes were frequently made without any regard to a cost factor, the Agency's service contract was treated in a similar fashion.
- c. The company's overhead rate rose from [redacted] during the course of this work. The G and A rate also rose from [redacted]. It was later determined that [redacted] had neglected to inform the Contracting Officer of the increased G and A rate.

3. From a technical standpoint, [redacted] attributed the increase in cost to the following factors:

CONFIDENTIAL

~~SECRET~~

○ CONFIDENTIAL ○

- 1) Three methods of connecting the components in the system were devised [redacted] at a request of Agency technical personnel. Unknowingly, the most expensive system was selected. At that time, the Agency assumed the probable cost of these systems were covered in the original price estimates.
- 2) A hash filter network was devised to eliminate undesirable motor noise. The Agency was not advised of any additional cost.
- 3) The Agency requested that a hinged cover be designed to replace the cover submitted in the Agency furnished drawings.
- 4) The GFE equipment arrived approximately 2 weeks later than originally anticipated.
- 5) The timing motors required additional rework in respect to more precise timing.
- 6) The Agency requested schematic and engineering drawings of any unusual parts.

4. After a discussion of all the above factors, agreement was reached in the following manner. Although it was the Agency's opinion that under Paragraph 3, Items 1, 3 and 5 were covered under the contractor's original price estimate, since the letter of proposal arrived shortly after the time these items were decided upon, the Agency agreed that its technical people would have approved them had they been aware of the cost factor. Similarly, Item 2 was determined as a justifiable cost. The Agency also assumed full responsibility for Paragraph 3, Item 4. However, Paragraph 3, Item 6, was disallowed since the drawings were specifically called out in the list of specifications.

5. From a contractual standpoint, [redacted] agreed that in all probability the increase in overhead, and G and A rates would be considered allowable costs. In addition, [redacted] was advised that the Agency would expect that all future price estimates will be more precise and that any technical changes involving additional funds will be submitted verbally and in writing to the Agency, not only in respect to this task, but with any other contract the Agency may have with [redacted]. In this way only, can a proposed technical change be evaluated against an additional cost factor. The contractor agreed to the above requests and the meeting was then adjourned.

[redacted]

CONFIDENTIAL
~~SECRET~~